

R E M A R K S**A. Summary of Status of Claims**

Prior to entry of this amendment:

Claims **1 – 55 and 65 – 70** are pending;

Claims **1 – 32, 35 – 55 and 65 – 70** stand rejected; and

Claims **33 and 34** are indicated as allowable if rewritten into independent form to include all the limitations of the independent claim from which they depend and all intervening claims.

Upon entry of this amendment, which is respectfully requested for the reasons set forth below:

Claims **1 – 55 and 65 – 68** will remain pending;

Claims **69 and 70** will be cancelled; and

Claims **1, 65 and 68** (the only independent claims that will remain pending) will be amended.

B. Election / Restriction

Applicants gratefully acknowledge the withdrawal of the restriction requirement from the last Office Action and the reinstatement of claims **1 – 61 and 65 – 70**.

C. Drawings

The Examiner has asserted that “Figures 2A and 2B should be designated by a legend such as –Prior Art—because only that which is old is illustrated.” Current Office Action, page 2. Applicants respectfully traverse this requirement that does not appear to qualify as either an objection or a rejection. There is no statutory or

regulator authority for the proposed amendment to the drawings, only an MPEP (MPEP §608.02(g)) section that likewise does not reference any statutory or regulatory support. Further, Applicants respectfully submit that the Examiner has not established any *prima facie* showing that either Figure 2A or Figure 2B, when interpreted in light of the specification, illustrates only “that which is old.” Further still, Applicants are unaware of any statutory or regulatory basis that provides an Examiner the authority to pass upon, essentially, the “patentability” of a drawing or portion of a specification. Accordingly, Applicants have refrained from amending these drawings in the manner suggested at this time. If this requirement is maintained, Applicants respectfully request that the Examiner provide further authority for the requested amendment, and evidence sufficient to show a *prima facie* case that the subject matter of the drawings, when interpreted in light of the specification, illustrates “only that which is old.”

D. Allowable Subject Matter

Applicants gratefully acknowledge the Examiner’s indication that claims **33 and 34** include allowable subject matter. However, Applicants have herein refrained from accepting the Examiner’s invitation to rewrite the claims into independent form. Instead, Applicants have amended the independent claim **1** from which each of claims **33 and 34** depends, in a manner that Applicants believe distinguishes claim **1** from U.S. Patent No. 6,101,484 to Halbert (although Applicants note that claim **1**, even prior to the amendment made herein, distinguished over Halbert).

Applicants further not, with respect to the Examiner’s statement of reasons for the indication of allowable subject matter (Current Office Action, page 3, last paragraph), that in Applicants’ claimed embodiments encrypting a price does not necessarily render the price unavailable to the buyer.

E. Claim Rejections – Section 101

Claims **1 – 55, 69 and 70** stand rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. With respect to claims **1 – 55**, it has been asserted that the claims “as a whole [are not] in the technological arts” (Current Office Action, page 7, first full paragraph). With respect to claims **69 and 70**, it has been asserted that the claims “are directed to disembodied data structure.” Claims **69 and 70** have been cancelled herein, without prejudice or disclaimer and without admission of the propriety of the Examiner’s basis for rejection.

With respect to claims **1 – 55**, Applicants maintain that the basis for the Examiner’s §101 rejection is improper (for the reasons set forth below in the response to the previous Office Action) and respectfully submit that reciting in a claim that a price is associated with a consumer “in a memory of a computing device” does “render the claim as a whole in the technological arts”, as best as Applicants can understand this requirement. However, solely to expedite prosecution, Applicants have amended claim **1**, and thus claims **2 – 55** by virtue of their dependency on claim **1**, to recite that the last step of “determining” is performed “via a computing device,” thus clarifying that the claimed embodiments involve the use of technology.

Applicants note that the Examiner, on page 7 of the Office Action, referred to “the critical limitation of determining” as not positively reciting having any use of technology. Applicants are unsure of the Examiner’s intended meaning by referring to the “determining” step as being “critical.” Applicants have not referred, in the claims, specification, or prosecution history, to any step or feature of any embodiment as being “critical” or the like. Accordingly, Applicants would like to clarify for the record that although Applicants have amended the last step of “determining” in claim **1** to recite “a computing device”, Applicants are not by this amendment acquiescing or agreeing with the Examiner’s characterization of this

step, or any other step or feature of the claimed embodiments, as being “critical” in any sense.

F. Claim Rejections – Section 112

Claims **1 – 55 and 65 – 70** stand rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement. Current Office Action, page 8. Although Applicants respectfully disagree that the term “irrespective of whether the second consumer would otherwise be entitled to purchase the item in exchange for payment of the amount” lacks sufficient support in the specification, Applicants have removed this clause from the claim, thus rendering this rejection moot.

For the record, Applicants respectfully note that a person of ordinary skill in the art, at the time of Applicants’ invention and upon having read the specification as filed, would have understood the specification as teaching that the transferable item price is associated with the second consumer “irrespective of whether the second consumer would otherwise be entitled to purchase the item in exchange for payment of the amount.” Further, the Examiner has not provided any evidence to the contrary. Applicants respectfully disagree that the passage of the specification cited by the Examiner (“Note that not every consumer is entitled to purchase the item from the merchant at the transferable item price...”) teaches away from the feature at issue. For example, this passage may encompass an embodiment in which some consumers from a body of consumers are entitled to purchase the item at the transferable item price while others are not. Such an embodiment does not preclude a scenario in which one of the consumers of the body of consumers transfer the transferable item price to a second consumer of the body of consumers, thus entitling the second consumer to purchase the item for an amount based on the

transferable item price irrespective of whether the second consumer would otherwise be entitled to the purchase the item in exchange for the payment.

Claims 6, 12 – 20, 48 and 49

Claims **6, 12 – 20, 48 and 49** stand rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicants regard as the invention. Specifically, it has been asserted that “these claims recite conditional statements which render the claims indefinite because the scope of the claims is unclear when the conditional statements are false.” Current Office Action, page 9.

With respect to claims **6, 48 and 49**, Applicants respectfully traverse this rejection for the same reasons provided in the Response to the Office Action mailed March 24, 2004. As Applicants stated therein “As with all method claims, the language of the claims sets out what set of activities will constitute infringement. If the set of activities set out by the claim language is not performed, there is no infringement. It is irrelevant whether additional activities, not set out by the claim language, are performed by one of ordinary skill in the art, for purposes of determining infringement. As explained above, the relevant inquiry in an infringement analysis, and in a §112, second paragraph, analysis, is whether one of ordinary skill in the art would understand what activities constitute infringement.

There is no ambiguity in the language of any of the claims **6, 48 and 49** that would leave one of ordinary skill in the art unsure as to what activities constitute infringement. For example, returning to the example of claim **6**, it would be clear to one of ordinary skill in the art that performing the activities set out in claims **1 and 5**, where the associating step is performed only if the first consumer’s offer is

accepted, would constitute infringement. It is therefore clear that activities that do not fall within the bounds of the claim language, such as activities performed if the conditions set out by the claim language are false, are not infringing activities.

With respect to claims **12 – 20**, Applicants respectfully traverse this rejection on the grounds that these claims do not set out conditional statements at all. “A conditional statement is an “if-then” statement, written in the form: ‘if P, then Q’. Here, ‘P’ is the *antecedent* (the “if” part of the statement) and ‘Q’ is the *consequent* (the “then” part). For example, in “If you give me ten dollars, then I will be your best friend,” the claim “you give me ten dollars” is the antecedent of the conditional, and “I will be your best friend” is the consequent.” (http://en.wikipedia.org/wiki/Logical_conditional). Claims **12 – 20** are not conditional statements. They do not include an antecedent or a consequent. Rather, claims **12 - 20** merely recite a step of determining whether something is true: “determining if the transferable item price may be associated with the first consumer”. Further, there is nothing ambiguous or indefinite about the scope of these claims. For example, with respect to claim **12** in particular, an entity performing a step of “determining if the transferable item price may be associated with the first consumer”, along with the other steps of claim **12**, would infringe the claim.

G. Claim Rejections – Section 103

Claims **1 – 8, 10 – 17, 19 – 32, 35 – 46, 48 – 55, and 65 – 70** stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,101,484 to Halbert et al. (“Halbert” herein).

Independent Claims 1, 65 and 68

Applicants have amended each of claims **1, 65 and 68** to recite the following set of features not taught or suggested by Halbert:

- *determining a first transaction involving a first consumer and a merchant;*
- *determining a transferable item price established between the first consumer and the merchant during the first transaction;*
- *determining, via a computing device, that the first consumer has transferred the transferable item price **to a second consumer who was not involved in the first transaction**, thereby determining that ~~a~~ the second consumer is entitled to purchase, in a second transaction, an item in exchange for payment of an amount based on the transferable item price*

In Halbert, an “ending price” for a product is established at the close of a co-op. Column 4, lines 23 – 24; column 9, lines 55 – 56 (item 3). The ending price of Halbert is the only price disclosed that can be considered a price between a consumer and a merchant. The ending price is the price established between customers who are participating in the co-op at the close of the co-op (and whose offers encompass the ending price) and the merchant selling the item. Prior to the ending price being established, only offers are accepted and no other price is “established” between a customer and a merchant. Further, only the customers who are participating in the co-op at the end of the co-op and whose offers are accepted at the ending price because they encompass the ending price are entitled to purchase the product at the “ending price.” Col. 9, lines 55 – 58 (items 3 and 4). A customer who was not a member of the co-op and whose offer did not encompass the ending price is thus not “involved in” this transaction in which the

ending price is established. The ending price is thus certainly not established between a merchant and such a customer whose offer was not accepted at the ending price. There is no teaching or disclosure in Halbert of a member of a co-op who is entitled to purchase the product at the ending price being able to transfer this entitlement to the ending price to another customer whose offer was not accepted at the end of the co-op at the ending price. In fact, since the concept of transferring encompasses, in some claimed embodiments, both the customer who transfers the price and the customer to whom the price is transferred being able to purchase the price at the transferable item price, allowing a practice of transferring an ending price to a customer who was not involved in the transaction in which the ending price was destroyed would destroy the Halbert reference because Halbert is premised on a limited supply of product and on the seller being able to control the number of offers accepted. This is at least partly because the decision of the ending price is based partly on the number of offers that would be accepted at the ending price. Col. 7, line 64 through column 8, line 60. For the above reasons, Applicants respectfully submit that claim 1 (and thus claims 2 – 55, by virtue of being dependent therefrom) and claims 65 and 68 are patentable over Halbert. If the Examiner has any further concerns regarding the patentability of these claims, the Examiner is kindly invited to contact Applicants' representative via the below-provided contact information.

Further, Applicants respectfully disagree with the Examiner's assertion that "The Applicants' specification teaches that the first consumer transfers an entitlement to the transferable item price to the second consumer when it is determined that the second consumer is entitled to purchase an item in exchange for payment of an amount based on the transferable item price." Current Office Action, page 11. The portion of the specification relied upon by the Examiner for this assertion states as follows:

“At 104, it is determined that a second or ‘secondary’ consumer (e.g., a consumer other than the first consumer) is entitled to purchase an item in exchange for payment of an amount based (i.e., based at least in part) on the transferable item price. In this way, the first consumer is able to ‘transfer’ his or her item price to the second consumer.” Page 5, lines 28 – 30.

Applicants respectfully submit that the above passage may fairly be interpreted as stating merely that a first consumer may be able to transfer his or her item price to a second consumer by causing the second consumer to be entitlement to the transferable item price, rather than as the Examiner has interpreted it. The Examiner’s interpretation does not fit into the context of the specification, as it takes the control to transfer the price out of the hands of the first consumer.

Dependent Claim 9

Dependent claim 9 stands rejected under 35 U.S.C. §103(a) as being unpatentable over Halbert in view of U.S. Patent No. 6,119,100 to Walker et al. (“Walker” herein). Applicants respectfully traverse this rejection for the reasons set forth below.

First, since claim 9 is dependent from claim 1, and Walker does not teach the set of features of claim 1 discussed with reference to claim 1, Applicants respectfully submit that claim 9 is patentable at least for the same reasons as claim 1. Second, Applicants respectfully traverse this rejection on the grounds that it is based on an improper motivation to combine – the Examiner has merely hypothesized a beneficial result that may be obtained from the proposed combination, which is insufficient to establish a *prima facie* case of obviousness. See, for example, the following excerpt from a Board of Appeals opinion:

“The examiner’s position can be stated basically to be that the modification of [the prior art reference] necessary to arrive at the claimed invention would have been obvious to the artisan because it would improve efficiency, performance, and reliability of the [prior art reference method]. While this result indicated by the examiner is undoubtedly correct, it is not a valid basis for the rejection of a claim. It explains more why appellant wishes to patent such a process. Since most inventions are designed to improve efficiency, performance or reliability, the examiner’s analysis would make it very difficult to patent anything.” (Ex Parte Bowen, Appeal No. 96 – 1349).

Dependent Claims 18 and 47

Claims **18 and 47** stand rejected under 35 U.S.C. §103(a) as being unpatentable over Halbert in view of U.S. Patent No. 6,269,343 to Pallakoff (“Pallakoff” herein).

Applicants traverse the rejection of claim **18** on the grounds the combination of Halbert and Pallakoff does not result in the claimed embodiment. Pallakoff teaches (col. 5, lines 38 – 45; col. 9, lines 46 – 67; col. 10, lines 1 – 12, col. 12, lines 16 – 29) that a system may retain a portion of a buyer’s price as a commission and forward the remainder of the buyer’s price to the seller of a product. However, this is not equivalent to the buyer providing a fee for anything, much less a buyer providing a fee for a transfer of a price to another buyer or from another buyer. First, the commission is a fee paid by the seller. The commission is deducted from a price the seller would otherwise receive. There is no description in Pallakoff of a buyer even being aware that the system retains a portion of the buyer’s price rather than forwarding the entire price to the seller of the product, thus the buyer cannot

be considered to pay a fee to the system. It is effectively the seller who pays a commission to the system, not a consumer. Second, the fee paid by the seller is a commission for aid in selling the product. It is not a fee for a transfer of a price from one consumer to another, much less a fee that a consumer pays for transferring a price to another consumer.

Further neither Pallakoff nor Halbert, alone or in combination, teach the actual and complete claim limitation of claim 18: *that is determined whether a price may be associated with a second consumer based on payment of a transfer fee amount by either a first consumer or a second consumer*. Thus, even if Pallakoff were interpreted as teaching that a buyer pays a fee to the system as payment for using the system, the combination of Pallakoff and Halbert still would not teach determining whether a price should be associated with a second buyer based payment of such a fee by either a first buyer or a second buyer.

Dependent Claim 49

Claim 49 stands rejected under 35 U.S.C. §103(a) as being unpatentable over Halbert. Applicants traverse this rejection on the grounds that Halbert does not teach the claimed feature of:

- *wherein the first consumer is prevented from purchasing the item at the transferable item price if the second consumer purchases the item at the transferable item price*

As an initial matter, Applicants note that (in the rejection of claim 1) the Examiner has interpreted both the first consumer and the second consumer as being consumers who elect to participate in a particular co-op. This interpretation is implicit in the Examiner's assertion that the second consumer is a consumer who

the first consumer has invited to join the co-op and who in fact does join the co-op and becomes entitled to purchase the item that is the subject of the co-op at the price established for the item. Current Office Action, page 11. As discussed above, the only price described in Halbert as being a price established for an item is the “ending price.” Based on this interpretation of Halbert that the Examiner has put forth (as Applicants understand it to be, the Examiner is of course kindly invited to correct Applicants understanding of the Examiner’s interpretation if it is incorrect), it cannot fairly be said that Halbert describes a circumstance wherein the first consumer is prevented from purchasing an item that is the subject of the co-op if the second consumer purchases the item at the price established for the item. Halbert explicitly teaches that all customers who participate in the co-op and whose offer are accepted at the close of the co-op are entitled to purchase the product that is the subject of the co-op at the “ending price.” See, for example, page 9, lines 55 – 56. In fact, since the customers submit binding offers, the purchases are automatically completed at the “ending price” for all such customers. The passages referred to by the Examiner (Current Office Action, page 16) in support of the rejection describe circumstances under which offers may be considered and when offers are received or allowed to be submitted and considered. However, none of these passages address the relevant part of the process: once a price is established between a consumer and a merchant (i.e., the “ending price” is determined and offers whose maximums are at or above the ending price as accepted, who is entitled to purchase the product that is the subject of the co-op at the ending price. It is clear from the entirety of Halbert that all consumers whose offers have been accepted at the ending price can buy the product and none of these consumers are prevented from buying the product.

Dependent Claim 54

Claim **54** stands rejected under 35 U.S.C. §103(a) as being unpatentable over Halbert. Applicants traverse this rejection on the grounds that Halbert does not teach, nor has the Examiner addressed, the following limitation of claim **54**:

- *wherein the transferable item price is based on a purchase made by the first consumer, and the item purchased by the second consumer is different than an item purchased by the first consumer* emphasis added

First, Halbert does not teach any price being based **on a purchase made**. Rather, an ending price is established for a product based on offers submitted by potential buyers, before any purchase is made by a buyer.

Second, Halbert is explicitly clear that a co-op in which a group of buyers participate is for a single and particular product. Further, allowing different buyers of the co-op to purchase different products would destroy the reference because it would not allow a seller to accurately gauge demand and an ending price for a particular product.

Applicants note that the Examiner appears to discuss the rejection of claim **54** on the second full paragraph of page 14, but does not at all address the limitation of claim **54**.

Dependent Claim 55

Claim **55** stands rejected under 35 U.S.C. §103(a) as being unpatentable over Halbert. Applicants traverse this rejection on the grounds that Halbert does not teach, nor has the Examiner addressed, the following limitation of claim **55**:

- *wherein the transferable item price is **based on a purchase made by the first consumer, and a number of items purchased by the second consumer is different than a number of items purchased by the first consumer** (emphasis added)*

Again, as argued with respect to claim 54, Halbert does not teach any price being based **on a purchase made**. Rather, an ending price is established for a product based on offers submitted by potential buyers, before any purchase is made by a buyer.

Further, Halbert explicitly describes that a co-op is for a single product. Even if Halbert were interpreted or modified to include a plurality of products in a co-op, the number would have to be necessarily the same for each buyer participating in the pool. Otherwise, the reference would be destroyed for the same reasons discussed with respect to claim 54.

Applicants note that the Examiner appears to discuss the rejection of claim 55 on the second full paragraph of page 14, but does not at all address the limitation of claim 55.

C O N C L U S I O N

For the foregoing reasons it is submitted that all of the claims are now in condition for allowance and the Examiner's early re-examination and reconsideration are respectfully requested.

Alternatively, if there remains any question regarding the present application or any of the cited references, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is cordially requested to contact Magdalena M. Fincham at telephone number (203) 461-7041 or via electronic mail at mfincham@walkerdigital.com.

Fee Authorization and Petition for Extension of Time to Respond

Applicants do not believe any fee or petition for extension of time is necessary for this amendment to be timely. However, if a fee and / or petition for an extension of time is required, please grant a petition for that extension of time which is required to make this Response timely.

Please charge as follows:

Charge: any fees necessary for this Application

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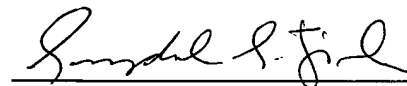
Credit any overpayment to the same account.

A duplicate copy of this authorization is enclosed for such purposes.

July 21, 2005

Date

Respectfully submitted,



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